

## CHAPTER 4

### INVENTORY RECONCILIATION PROCEDURES

#### A. GENERAL

1. This chapter contains instructions for reconciling transaction data with the monthly physical inventory reported for a DFSP or pipeline account.

2. **DFAMS** time standards for completing a DFSP reconciliation are:

a. initially, by the 15th calendar day of each month for transactions occurring in the preceding calendar month;

b. ultimately, by the 6th calendar day of each month. A successful reconciliation will result in the printing of DFSP Reconciliation Document Register (see appendix **A54**).

#### B. MONTHLY INVENTORY RECONCILIATION BY HARRIS TERMINAL

1. Upon receipt of the monthly physical inventory transaction, **DI P41**, DFSC will reconcile the data received during the month (i. e., receipts, issues, etc. ) to the physical inventory quantity. This reconciliation will be done for each NSN maintained at each **DFSP**.

2. After a missing transaction sequence check, ensure that monthly inventory reconciliation will be accomplished by adding all receipts to and subtracting **all** issues from the beginning physical inventory of the month being reconciled. OF SC will compute the terminal operating gain or loss. However, the DFSP may also submit an inventory adjustment transaction, **DI P42** to **DFSC**. The submitted adjustment figure will be used in the reconciliation only if it is equal to that computed by DFSC.

a. Document registers will be verified by the DFSP against each auditable source document, signed by the authorized contractor or Military Service representative, and filed at the DFSP with the **auditable** source documents.

b. For contractor operated OF **SPs** (i. e., CO CO, GO CO, **pipeline** accounts), a verified/signed copy of the document register will also be filed at the DFR.

c. A copy of each document register (unverified/unsigned) will be maintained by **DFSC-05** for monitoring/reference. This copy will be ~~made~~, available to the DLA Inspector General for DFSP audit.

C. MONTHLY RECONCILIATION BY AU TO DIN

1. While the monthly inventory reconciliation process is the same for all **DFSPs**, a special procedure will be used to notify those **DFSPs** which transmit MI **LSPETS** transactions to DFSC via AU TO DIN. A management notice P6D transaction containing a notification indicator synopsizing the situation encountered will be sent by AU TO DIN to the affected DFSP or its **DICP**.

2. The following conditions will generate a reconciliation management notice with the notification indicator shown:

<u>Condition</u>	<u>Notification Indicator</u>
a. Physical inventory data not received at <b>DFSC</b> .	11
b. Individual inventories cannot be reconciled because one or more transactions are missing.	12
c. Individual inventories cannot be reconciled because the inventory adjustment computed by DFSC exceeds the prescribed terminal operating gain/loss allowance.	13
d. Individual inventories cannot be reconciled because the inventory adjustment computed by DFSC is not equal to the one submitted by the <b>DFSP</b> .	13
e. Individual inventories cannot be reconciled because both the inventory adjustment computed by DFSC or the one submitted by the DFSP exceed the prescribed gain/loss allowance. The computed and submitted inventory adjustments must be equal before this determination is made. If they are not equal, a management notice indicator - 13 will be generated.	13
f. Reconciliation completed.	17
g. <b>Re-reconciliation</b> completed.	18

3. Chapter 2, sections D and E, provides information on rejects and management notices related to the reconciliation process. The following steps associated with the processing of rejects and management notices are necessary to ensure that a successful reconciliation is achieved:

a. AU TO DIN feedback from **DFAMS** and DAAS must be picked up from the communications center daily,

b. Immediate corrective action must be taken on rejected and missing transaction management notices daily. **P(X)Z**, rejects will only be transmitted one time.

c. P6B and P6D management notices will be transmitted **repetitively** until corrective action has been taken.

d. P6D management notices with notification indicator 13 include every transaction recorded by **DFAMS**, in TSN sequence, as of the day they were transmitted, including new transactions generated by the corrective actions outlined in b. above. This notice provides a research/reference tool that identifies the status of reconciliation in **DFAMS** and helps isolate remaining corrective actions needed to successfully reconcile. Corrective action should include a complete verification of data/quantity for each TSN against the auditable source documents. The most recent P6D management notices (for all management indicators) replace prior notices which can be discarded.

e. P6R management notices confirm recording of transactions in **DFAMS**. The P6R notices are only transmitted one time but to assist in the reconciliation process these " transactions are repeated in P6D management notices with notification indicator 13.

f. Locally available equipment (e. g., sorters, Printers) can be used to resequence and print as considered necessary (**DFSP** option).

#### D. RECONCILIATION MANAGEMENT NOTICE - DATA CONTENT

1. The data in record positions 1-22 and 64-70 are constant for all **reconciliation** management notice transactions (D I **P6D**). The following delineates the constant data elements:

<u>Record Posi tion(s)</u>	<u>Fi el d   Legend</u>	<u>Entry</u>
1-3	Document   I denti fi er	P6D.
4-6	Routing   I denti fi er   (T0)	The routing i denti fi er of the activity receiv- ing the management notice.
7	Medi um   of   Transmi ssi on	Medi um   of   transmi ssi on system   generated.
8-20	National   Stock   Number	The NSN of the product being reconciled.
21-22	Noti fi cati on   Indi cator	The appli cable noti fi - cation   indi cator.
64-66	Routing   I denti fi er (Re porting   Acti vi ty)	The RI of the DFSP being reconciled.
67-69	Routing   I denti fi er (From)	S9F (D FSC).
70	Bl ank	Bl ank. .

2. Information in record positions 23-63 and 71-80 varies, dependent on each notification indicator. The following delineates the variable information for the reconciliation notification indicators.

a. For notification indicator 11, the P6D contains the following entries:

<u>Record Posi ti on(s)</u>	<u>Fi el d   Legend</u>	<u>Entry</u>
23-63	Bl ank	Bl ank.
71	Suppl y   Condi ti on	The appli cable suppl y condi ti on for the NSN being reconciled.
72	Bl ank	Bl ank.
73-75	Reconci li ati on   Day	Suppl y transacti on day of the reconci li ati on transacti on.   This will

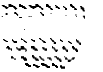
be the **Julian** day of the last day of the month being inventoried.

76-80 Blank Blank.

b. For notification indicator 12, the P6D contains the following entries:

<u>Record Position(s)</u>	<u>Field Legend</u>	<u>Entry</u>
23-26	Transaction Sequence Number	Highest transaction sequence number ( <b>TSN</b> ) contained in a valid transaction.
27-62	Transaction Sequence Number --Missing	Missing <b>TSNs</b> ; up to eight <b>TSNs</b> may appear, beginning with the lowest missing TSN in rp 27-30; a Notice of "ET AL" in rp 59-62 indicates there are more than <b>eight</b> missing <b>TSNs</b> .
63	Blank	Blank.
71	Supply Condition	Applicable supply condition.
72	Blank	Blank.
73-75	Reconciliation Day	Supply transaction day of the reconciliation transaction. This will be the <b>Julian</b> day of the last day of the month being inventoried.
76-80	Blank	Blank.

c. For notification indicators 13 - when the inventory adjustment is not within allowable tolerance or the inventory adjustment computed by DFSC and that submitted by the **DFSP** are not equal , then the P6D will contain the following entries:



<u>Record Position(s)</u>	<u>Field Legend</u>	<u>Entry</u>
23-31	Quantity	Quantity as submitted on the P42 Type Adjustment Code "A" transaction. If no P42 "A" transaction has been processed this field will be blank.
32-46	Blank	Blank.
47-50	Computed Tolerance Percentage of Variance	The percent of variance for the system generated P42 (Type Adjustment Code "E"). This field will be blank if a P42 "A" transaction has been processed.
51-53	Blank	Blank
54	Type Adjustment	"A" will be shown if the submitted P42 Type Adjustment Code "A" transaction is outside allowable tolerance or does not equal the inventory adjustment computed by DFSC. "E" will be shown if no P42 "A" transaction has been processed and the DFSC computed adjustment is not within allowable tolerance.
55-63	Reconciliation Balance Quantity	Reconciliation balance quantity computed by DFSC.
71	Supply Condition	Applicable supply condition for the NSN being reconciled.
72	Management Indicator	Applicable management indicator.

<u>Record Position(s)</u>	<u>Field Legend</u>	<u>Entry</u>
73-75	Reconciliation Day	Supply transaction day of the reconciliation transaction. This will be the Julian day of the last day of the month being inventoried.
76	Blank	Blank.
77-80	Blank	Blank.

3. For each reconciliation P6D management notice that is generated with notification indicator code **13**, a representation of every transaction received by DFSC and used in the reconciliation process **will accompany the notice** as follows:

<u>Record Position(s)</u>	<u>Field Legend</u>	<u>Entry</u>
23-31	SUPply Transaction Quantity	Quantity of the original input.
32-45	Document Number	Document number of original input.
46	Suffix	Suffix when applicable.
47-53	Blank	Blank.
54	Action	Action code from original input.
55-72	Blank	Blank.
73-75	Document Identifier	Document identifier of <b>original input</b> .
76	Blank	Blank.
77-80	Transaction Sequence Number	Transaction sequence number of original input.

4. Successful completion of an inventory reconciliation **will generate** a one time only management notice transaction with notification indicator 17. Any subsequent **re-** reconciliation will also

produce a one time management notice with notification indicator 18 for each reconciliation. P6Ds with notification indicators 17 and 18 contain the following entries:

<u>Record Position(s)</u>	<u>Field Legend</u>	<u>Entry</u>
23-57	Blank	Blank.
58-62	Reconciliation Completion Date (for notification indicator 17) or Reconciliation Completion Date-Revised (for notification indicator 18)	The ordinal date on which reconciliation or <b>re-</b> reconciliation was accomplished.
63	Blank	Blank.
71	Supply Condition	The applicable supply condition for the NSN being reconciled.
72	Blank	Blank.
73-75	Reconciliation Day	Julian date of the last day of the month being inventoried.
76-80	Blank	Blank.

#### E. RE-RECONCILIATION PROCESS

1. **Re-reconciliation** of a previous month's inventory **will** automatically be accomplished whenever an addition, change, or reversal transaction is submitted for a month which has been successfully reconciled.

2. The normal reconciliation process **will** start after the missing transaction sequence number check. When **re-reconciliation** has successfully been completed, a separate **re-** reconciliation document register will be produced showing only those transactions involved in triggering the **re-** reconciliation procedure. Like the normal monthly document register, each **re-** reconciliation document register is an **auditable** document and should be attached and filed as a supplement to the original document register.